

NIELSEN HIGHLIGHTS

bar soaps

Purchasing trends in personal soaps

Brand	Total	Northeast	Midwest	South	West
Dove	16%	19%	16%	15%	17%
Ivory	10	11	8	12	8
Dial	9	5	11	10	9
Caress	5	2	6	7	5
Camay	4	7	3	3	4
Irish Spring	4	3	4	4	4
Lever 2000	3	2	3	6	1
Safeguard	3	4	3	2	2
Coast	3	2	1	5	2
Zest	3	1	4	3	1

Based on women who bought personal soaps in past 12 months.
Source: Leo J. Shapiro and Associates.

Multipacks and two-in-ones lead the way in bar soaps

Bar soap became more interesting last year. The August 1991 national rollout of Lever 2000, a combination cream and deodorant product (from Lever Brothers Company) positioned as a family soap, proved that an innovative introduction could grab market share from long-established brands.

"Before Lever 2000, I would have said that people were extremely brand loy-

al," said Connie Calmer-Anderson, buyer at Cincinnati-based Hook Drugs. "Now, I see people switching from Dial and [P&G's] Zest who would have never switched before."

High selling intro. . .

The tremendous advertising that Lever Brothers packed behind the new brand had a lot to do with pushing it to the top of the category. Le-

ver 2000 has a 7-percent share of the market, according to Peter Waxman, assistant product manager of Lever Brothers.

...and its latest foe

To counter the encroachment on its market share, Dial introduced its own combination cream and deodorant soap, Spirit. Said Calmer-Anderson, "Spirit is trying to take back sales, but it still can't touch Lever 2000."

Arnold Portnoy, buyer for Melville, N.Y.-based Genovese Drugs, said that Dial anti-bacterial soap is also selling well and that a repackaging of Camay has led to a jump in sales.

At Indianapolis-based Reliable Drug Stores, Inc., Camay's new three-SKU assortment of scented soaps is doing well.

Said buyer Rick Burns, "Camay is a bit more expensive. With the introduction of the Classic, Flair and Natural varieties, the brand is being positioned against upscale brands."

Dove, still a market leader with a 9.4-percent share of the market, according to Lever Brothers, remains a strong seller at Reliable. "Irish Spring also reacts well to promotions," said Burns.

Multi-packs are winners

The chain has moved away from single bars and is selling the brand exclusively in three-packs.

Other brands are often advertised at Reliable in two-count bath sizes. "Those in-and-out promotions are attractive ad items," said Burns.

Genovese, as well, is only selling multi-packs in bar soaps. The chain devotes 8 to 12 feet of space to the category. New introductions in the liquid soap category have made the department difficult to merchandise.

Liquid soaps

"Finding space for the new liquid soaps is a major problem," said Portnoy. "We now merchandise the liquids on the top shelf over bar soaps."

The chain is selling only multi-packs and has discontinued "buy-one-get-one-free" promotions. "Those promotions are of no value to the chain," said Portnoy.

Bar soaps are selling best at Genovese and at Hook in 4.7-ounce bath sizes. Personal bars in 3.5-ounce sizes still have a good share of sales.

"We don't stock anything over a bath size," said Portnoy. "The customer doesn't perceive any additional value in any bar over 4.7 ounces."

Nielsen Highlights - Bar Soap

This category generated all-outlet sales of \$1.39 billion during the 52 weeks ending 3/16/91, an increase of 1 percent over 1990. Unit sales hit 1.01 billion, a decline of 3 percent from the previous year. The average price reported by consumers was \$1.37 per unit, 5 percent higher than in 1990. (Units are the total number of items purchased, not equivalized).

Household penetration declined by 7/10 of a point to 92.9 percent of the 94.7 million U.S. households. Each of the 88.0 million households purchasing the category this year spent an average of \$15.78. They purchased the category at a rate of 7.2 times during the year, buying an average 1.6 units on each occasion.

Consumers reported using coupons with 25 percent of their purchases (up 3 points from the previous year) and 36 percent of the units were bought on some type of retailer promotion (up 3 points).

Consumer characteristics

The lifestage group with the highest purchase index for bar soaps: "established families." They represent 7 percent of total U.S. households but account for 10 percent of unit sales (index = 143). Household penetration for this group is 96 percent and the average price paid is \$1.39 per unit.

The South (30 percent of total U.S. households) has the highest purchase index, accounting for 34 percent of unit volume (index = 112).

Purchase dynamics	1990	1991	Change
Household penetration	93.6%	92.9%	-0.7 pts
Purchase occasions (annual)	7.4	7.2	-3.0%
Units per purchase	1.6	1.6	-0.4%
Dollars per purchase	\$2.12	\$2.20	3.8%
One-time buyers	10%	11%	1 pt
Male primary purchase	23%	26%	3 pts

1991 Buyer Characteristics	% Hhlds	% Penetration	% Buyers	% Volume
Households with no children	65%	91%	63%	58%
Households with children <13	28	96	29	32
Households with any teenagers	14	97	14	19
White households	86	92	85	77
Black households	11	99	12	19
Hispanic households	6	96	7	9
Metro (A and B counties)	72	93	72	75
Households with cable	59	94	59	62

Channel development

Supermarkets dominate channel performance with 64 percent of annual unit sales. Almost 76 percent of U.S. households (82 percent of category buyers) purchased an average of 8.9 units each through this channel last year. Convenience stores showed the greatest increase in purchase rate, growing to 5.3 units per buying household. This channel accounts for 1 percent of total unit sales.

Non-food outlets account for 27 percent of the category's purchased unit volume. Net household penetration is 51 percent for non-food channels, or about 55 percent of category buyers used the outlet for at least one purchase.

Trade channels—share of all outlet unit sales

Supermarkets 64% (unit/buyer = 8.9, penetration = 76% of hhlds)
Convenience stores 1% (unit/buyer = 5.3, penetration = 1% of hhlds)
Warehouse club 2% (unit/buyer = 3.7, penetration = 6% of hhlds)
Other food 7% (unit/buyer = 4.6, penetration = 16% of hhlds)
Drug stores 9% (unit/buyer = 4.4, penetration = 22% of hhlds)
Mass merchandiser 16% (unit/buyer = 5.1, penetration = 33% of hhlds)
Other non-food 2% (unit/buyer = 4.6, penetration = 5% of hhlds)

Lifestage groups — share of all outlet unit sales

Young Singles 3% (index = 56, price = \$1.47, penetration = 86%)
Young cpls—no chld 5% (index = 89, price = \$1.43, penetration = 98%)
New families 8% (index = 97, price = \$1.31, penetration = 96%)
Maturing families 26% (index = 121, price = \$1.37, penetration = 96%)
Established families 10% (index = 143, price = \$1.39, penetration = 96%)
Mid-age singles 5% (index = 77, price = \$1.34, penetration = 87%)
Mid-age cpls—no chld 11% (index = 116, price = \$1.44, penetration = 96%)
Empty nesters 25% (index = 109, price = \$1.34, penetration = 95%)
Older singles 7% (index = 51, price = \$1.28, penetration = 80%)

Geographic region—share of all outlet unit sales

Northeast 22% (index = 101, price = \$1.42, penetration = 95%)
East Central 13% (index = 98, price = \$1.44, penetration = 93%)
West Central 15% (index = 93, price = \$1.33, penetration = 91%)
South 34% (index = 112, price = \$1.29, penetration = 95%)
Pacific 13% (index = 85, price = \$1.42, penetration = 88%)

Chains turn to teens to boost sales

The word is out: Teenagers represent a large force in America and their numbers are growing.

Teens have a lot of discretionary income to spend and they like to spend it on products that make them feel good, such as cosmetics, fragrances, shampoos, styling aids, personal care appliances, jewelry, pre-recorded audio and video cassettes.

Teenagers—if you could get them to shop drug stores—would make life happier for those beleaguered individuals responsible for improving inventory turns, unit sales, dollar sales and all the other factors that impact the bottom line.

Chain executives often describe teens as “fickle, not loyal,” “apt to shop for cosmetics in the same location where they buy clothes,” “hard to reach,” “ignorant or indifferent to what drug stores have to offer.”

So how do you get to this market and how, in the process of court-

ing them, do you avoid alienating or losing your primary customers?

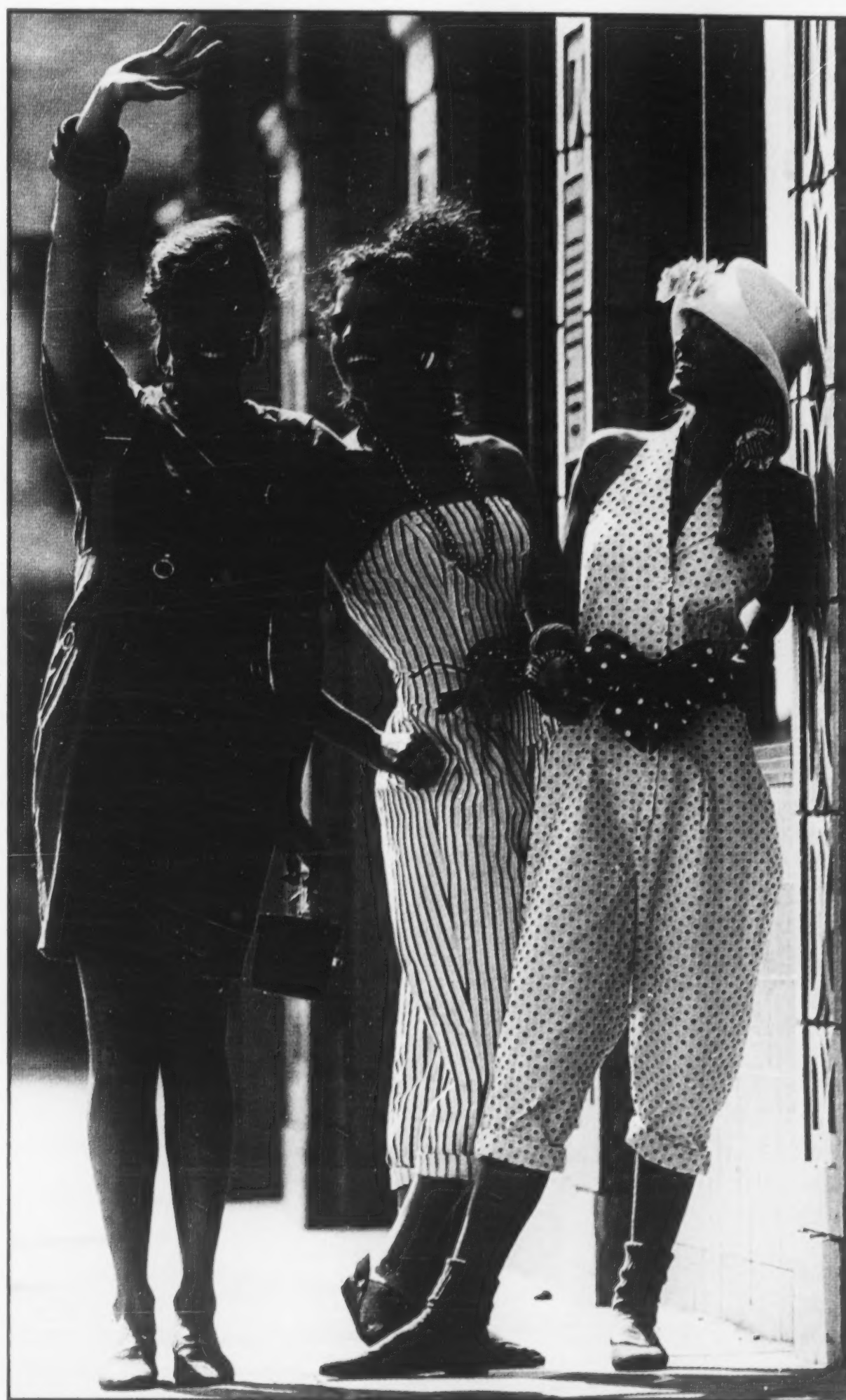
To some chains, like Snyder Drug in Minneapolis, teens are seen as a key niche that could, if reached properly, revitalize cosmetic sales, and they have started a test that management thinks could double the amount of business they currently do in cosmetics.

But, what will work for a regional chain like Snyder may not work for a semi-national chain like Eckerd or Walgreens or a core pharmacy chain like Rite Aid. Drug Store News has discovered a lot of diversity, questions and experimentation in the marketplace.

The stories that follow are meant to give you a feel for

‘Teens are fickle and they change on a regular basis. If you find something that really works well, overnight it changes.’

Lubin, Walgreen



Teens have a lot of discretionary income to spend and they like to spend it on products that make them feel good.

The growth of the teen population

Year	Female teens 12 to 19 (millions)	Female teens 12 to 17 (millions)	Percentage of teens 12 to 17
1990	13.4	9.7	72%
1995	14.1	10.7	76
2000	14.9	11.2	75
*Projected growth 2000 vs. 1990	12%	15%	

Source: U.S. Census Bureau.

*Estimated.

what some major chain drug stores are doing as they try to decide how best to court the attractive teen market.

Walgreens

Walgreens is trying to court teen consumers in subtle ways.

“The toughest thing about teens is that phrase: ‘they’re fickle and they change on a regular basis.’ If you find something that really works well, overnight it changes,” said Steve Lubin, division merchandise manager of cosmetics and fragrances.

Walgreens tries to reach out to teens by buying some media segments targeted to

teens and by carrying lines they like, like Bonne Bell and the Almay Teen line, and jewelry with a young ambience.

“We merchandise to teens by creating little areas in big areas: all acne products together within skin; teen fragrances like Tribe and Electric Youth together in the fragrance department,” said Lubin.

He says it also helps to train your sales personnel to welcome the teen shopper in the store. “For years now, if a kid entered a store, management never left him or her alone. They weren’t looked at as assets, but as liabilities. Everyone would think, ‘Oh, they’re going to steal something.’”

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Chains turn to teens to drive sales

Continued from previous page

It's hard to change that. But if you want their business, you have to [do just] that, especially since some of the research we've seen indicates drug stores are the No. 1 outlet for teen purchases of cosmetics."

Rite Aid

Rite Aid, perceived as a pharmacy chain, is trying to modify their marketing and merchandising presentations to include teens and pre-teens.

"We carry many of the new lipstick colors, makeup lines targeted primarily to teens like Natural Wonder and the sprays and fragrances that teens frequently use," says spokesperson Suzanne Meade.

"We try to keep trendy, to stay abreast of what's new and up-to-date. Our cologne and fragrance section has been enhanced in the past couple of years and we sell quite a bit of that to teens."

"We carry the hair accessories and the makeup items that teens like, and we merchandise the 99-cent lines on endcaps where they'll have high visibility. Teens buy an awful lot of those items because they're so affordable."

"We offer a broad assortment of hair accessories, rollers, dryers, cosmetic organizers [of which] they buy so much."

Teen buyers go for the gimmicks

Marian Salzman is president of BKG Youth, one of the country's leading youth marketing consultancies.

By Marian Salzman

From the time they first empty out a box of Cap'n Crunch for the decoder ring, kids are hooked on marketing gimmicks.

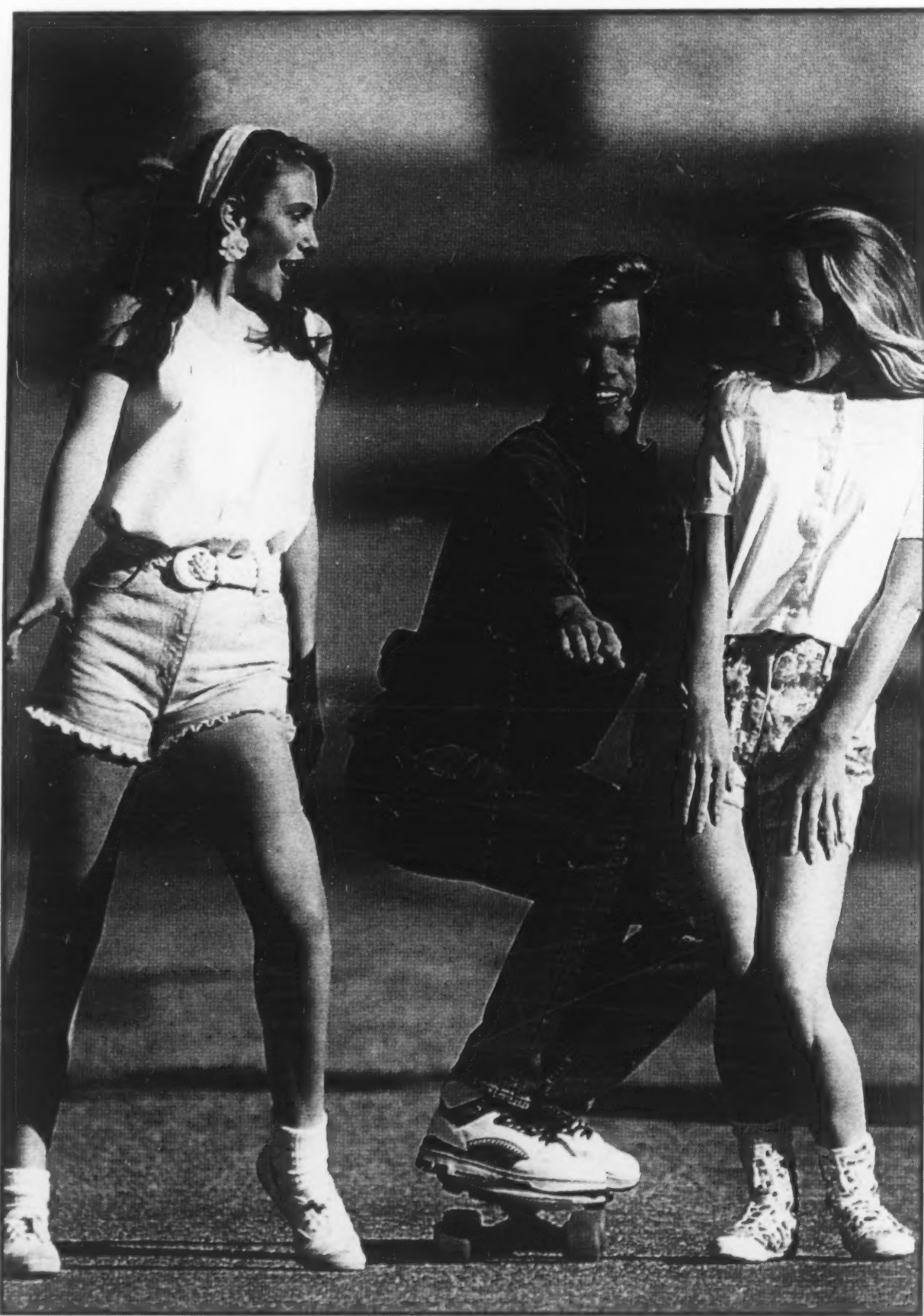
By adolescence they may have adopted a modicum of restraint, but they're still hungry for freebies. Whenever possible, use a sample as a lure.

Everyday low prices will also keep teens coming back. Shoppers in this age group don't want to spend a lot of money to get the best buys.

They want a store where they can get everything they want at a discount price.

Teens are also open to efforts by drug store owners to sell bigger ticket items such as radios and cameras. They know they can buy a reliable brand without paying department store prices.

Though brand loyalties are often passed down from parent to child, teens typically are willing to sample the competition if it catches their eye.



Rite Aid is modifying their marketing and merchandising presentations to include teens and pre-teens.

Perry Drug

Perry Drug is also trying to broaden its appeal to teen shoppers. Several years ago, the chain developed a back-to-school circular that was addressed to teens and mailed to

them in their homes.

Last year, Perry modified the program. Instead of mailing it to the homes, Perry created a back-to-school radio promotion targeted to teens. The ads featured some 30 different vendors with products in such

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Salzman

Girls, especially, are on the lookout for products that are new and fun. They love to experiment—with hair-care products, makeup, even cleansers. Products such as facial masques which seem to be too much of a bother to mom are precisely the kind of thing to give a girl "the spendies."

Environmentalism and animal rights advocacy aren't simply passing trends. Teens today are serious about the state of the planet.

By flagging environmentally friendly and non-animal tested products in your stores, you'll send a message that you care about more than just making a fast buck.

Put out welcome mat

No one likes to shop in a place where they're not wanted.

Teens may pop into an unwelcoming store for an essential item, but they certainly won't stay to browse—and that means a lot of lost revenue for the store owner.

incentives for academic achievement.

In-store contests are another easy way to promote your stores as teen-friendly places. By targeting a contest to that age group, you'll let them know they're welcome.

Try setting up a display case with pamphlets on subjects of importance to teens.

Skin care guides and fact sheets on how to protect oneself from sexually-transmitted disease, is just one of the topics teens like to read about.

If you have sufficient space, set up after school or evening presentations for products or ask a local makeup artist to come in and share their secrets.

The better you make teens feel about themselves while shopping in your stores, the more loyal they will be.

Directing teen dollar spells success in '90s

By Paco Underhill

What does the teen market mean to retailers in the 90s? How are they different from all of us 30- and 40-something baby boomers who think we're increasingly in charge? Perhaps most important, how can we direct their spending dollars?

Several broad strokes help us to understand some of the differences. Teens are more likely to be involved in family up-keep. They care for younger siblings, clean house and do family shopping. The working parent syndrome has fostered independence at an increasingly early age.

As the teen searches for individuality and independence, shopping with and for mom is abandoned whenever possible for shopping with friends, in packs. These pack animals have specific habits. Time patterns and habits relate to and around school, after-school activities and family dinner time. Teens are not in the mall at 11a.m. on a

Wednesday. On Monday to Thursday after school, early evenings and Saturday and Sunday after sleeping in, in-store media should be more upbeat and the store should have a younger staff and video monitors showing *Back to the Future*, not *On Golden Pond*.

This newly acquired independence filters into many aspects of the teen's life. Toiletry manufacturers have tapped into this market, but are ignoring the emotion of their consumers. The pressures of personal appearance lead to big money being spent in grooming and personal hygiene. Having your own deodorant, shaving cream, pimple cream, gel, toothpaste, etc., rather than using your parents', is all part of developing the independent self.

Another fine line appears. While it's cool to have your own deodorant, it's not cool to shop for it while the girl in your 5th period history class is buying her own zit cream. Section



Underhill

placement must respect teens' privacy needs more than any other group of consumer. It is an accepted practice that men's hygiene should be isolated from women's hygiene.

Our studies in cosmetics show that

teens are the most likely group to sample and test products. Whether the manufacturer intends for the product to be tested or not, teens will sample. This behavior can take a clean, fully stocked

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The spending power of teens

(in billions)

Income	\$37
Spending	\$21
Purchase influence	\$75

Source: Rand Youth Poll and Teen Magazine.

Teen usage of beauty care products

Categories	Percentage of teens using
Perfume	93%
Nail polish removers	93
Nail polish	92
Lipsticks	89
Lip glosses	89
Facial cleansers	88
Eye shadows	79
Blush	79
Powder makeup	76
Mascaras	76
All over body lotions	69
Organizers	66
Eyeliners	65
Lip moisturizers/protectors	63
Face creams daytime	55
Liquid makeup	55
Sunscreens	54
Cologne	51
Body sprays	50
After bath lotions/sprays	50
Eye pencils	49
Nail treatments	47
Bath/shower gels	47
Eye makeup removers	44
Night creams	41
Facial masks	41
Dusting powders	29
Facial toners	25
Artificial nails	13
Eye moisturizing creams	10
False eyelashes	2

Chains turn to teens growing income to boost sales

Why teens don't shop drug stores for beauty care

	Percent giving this response
1. Don't have the brands I want	20%
2. Dislike the quality	11
3. Dislike the prices	9
4. Other stores have a better selection	7
5. Gets their beauty items from a specialty store	6
6. No customer assistance	3
7. They only sell drugs	2

Source: Drug Store News, Teen Magazine Survey, Genovese Drug Stores.

do it again."

But, he also voiced a concern that many retailers have about the teen market: how to reach the teens and instill in them a sense of loyalty to a store.

He says that teens "are important as a secondary market, but it's hard to be sure how to approach them and how to do it cost effectively. We almost have to donate dollars to a co-op program that is separate from what we do for our adult market, and I'm not so sure we can capture the loyalty of teens the way we capture the loyalty of adults."

Big, regional Midwest chain

The HBA buyer for one large chain headquartered in the Midwest says it's also searching for ways to "reach teens."

The chain recently created its first ad targeted specifically to teens using Coty's new Tribe fragrance as an attention-getter. Now it's trying to develop a separate flyer for back to school, maybe in the form of a small book that would feature products and brands popular with teens.

"If it appeals to teens, we feel it will trickle down and appeal to pre-teens as well," said the buyer.

Harco Drug

At Harco Drug in Alabama, Jim Harrison III, assistant to the president, says the teenage market offers tremendous potential, but the question is, "How do you reach them?"

"At our last Chain Drug Marketing Associates (CDMA) in Orlando, I sat in on a presentation that YM magazine gave on the demographics of the teen market—it was eye opening. That market has dramatic potential as far as we're concerned. If you can develop a loyal customer out of that teen population and get them on board as a long term customer, the amount of business they will do in a lifetime is enough to make it make it worth the effort you spend attracting them. But how do you do it?"

Harrison said that Harco does reach out to teens in their regular advertising programs, at spring and summer, by advertising skin care products, sun tan products, fashion cosmetics and such, and then again in the fall, with their traditional back-to-school program.

"We probably do more than

we realize at promotional periods," he said, "but we don't have an ongoing program, and I think it's time we sit down and think about how can we really promote directly to teens."

Eckerd Drug

Dick Hakel, who buys HBA for Eckerd Drug, says that teens are an important secondary market for the chain, and to reach them, it plans its promotional advertising at key periods, like Back To School, around products that have a higher-than-average index rating to teens.

"Depending on the time of year, we feature products that we classify as 'good teen products' like L.A. Looks, which is very popular with teens, or Teen Spirit deodorant."

"The teen market is something you just have to understand mentally," says Karen Durham, buyer of fragrances and personal care appliances for Eckerd. "That market is so diverse, there's not much you can do with a merchandising presentation. The average 15-

Why teens shop drug stores for beauty care

	Percentage giving this answer
1. Low prices	35%
2. Larger selection	19
3. Convenience	16
4. Close to home/school	15
5. Better selection/best brands	4
6. Quality	4
7. Has everything I need	4
8. Like the sales	3

Source: Drug Store News, Teen Magazine Survey, Genovese Drug Stores.

year-old looks at it and says it's too cutesy."

The chain has tried merchandising teen fragrances like Tribe, Electric Youth and Night Rhythms in a teen center, but Durham says, "It didn't appeal to the 15- and 16-year-olds." She calls teens "a difficult market to get. They're spending mom's money on designer fragrances and they're buying their cosmetics and fragrances where they shop: in the malls."

At this point, Eckerd is basically advertising to teens at key promotional periods like Back To School.

Condom makers see big potential in the teen market

Condom sales, which reached \$211.3 million in drug stores last year, may not repeat the sharp annual increases of the late 1980s, but the growth potential is well-defined—and teenagers are a key part of that growth segment. Last month, secretary of Health and Human Services, Louis W. Sullivan, announced that young people,

along with women and ethnic minorities, are today's prime groups in need of greater AIDS-risk awareness.

Schmid is the first condom manufacturer to market a product specifically for the youth market, knowing that teens represent a consumer segment who keenly desire their own group identity. Ramses Safe Play condoms for

"young lovers" combines a light-hearted approach and a serious message. In the Safe Play logotype, "play" is the larger word since its aim is to win new users. A free promotional key chain, included in the six-piece box, cuts to the chase with its slogan: Safer sex saves lives.

According to Schmid, almost half of all sexually active

males 18 to 24 are potential new users, while 60 percent of sexually active teens report they purchase condoms. That customer is likely to be female, since more than 20 percent of condoms are purchased by women. Where is a teenager likely to buy a condom? Although food stores and discounters are cutting into this traditional drug store category and condom dispensing machines are becoming more widely available, drug stores still sell around 70 percent of all condoms. And teens know condoms are found in drug stores.

A new user faces an almost overwhelming variety of product. The teen user may start with the youth targeted Safe Play or with a highly visible brand like the No. 1 selling Trojan Enz. From there, he or she has a wide range of product to consider, ranging from different types of materials (natural skin and latex) to ribbed surfaces, colors, scents and various lubricants and spermicides. It remains to be seen if other manufacturers will launch youth or "entry level" product for this market—but chances are that they will.

Teens and acne: going steady

There's nothing trendy about teens and acne medication. It's a sure thing, year after year. What's more, this perennial problem not only leads to single-remedy sales, but also sells line extensions ranging from washes and gels to pads and bars.

Drug stores command the largest trade share in this category, which reached total sales of \$238 million in 1991, up 2 percent from the previous year, according to Nielsen Marketing Research. In a study by New York-based Frost & Sullivan, the acne category is projected to show a 12 percent dollar growth over the next five years.

Some teens shopping for themselves choose a highly visible brand like Clearasil, while others look for advice from pharmacists or product labeling. During Clearasil's "awareness week" in March and April, national ads targeted both college and high school students during spring break with an idealistic global theme, "keep the hope alive." The slogan says a lot to a teenager willing to try any number of remedies in the quest for clear skin, especially with prom and graduation season just around the corner.

The breadth of product and Rx-to-OTC shifts in the acne medication category

mean opportunities for patient counseling. Many pharmacists report that they recommend a product with a lower or 5-percent level of benzoyl peroxide and move up to stronger products like Oxy 10 or Benoxyl 10 for more severe acne cases.

Last month this category came under scrutiny when the FDA considered the risk of possible carcinogenic effects from the active ingredient found in most acne medications, benzoyl peroxide. In a unanimous decision, the FDA panel advised that the products should remain on the market pending further studies.

Poll: teens spend big

NEW YORK — Teens exert plenty of influence on household purchases. The Rand Youth Poll's 39th annual nationwide survey of financial trends found that American teenagers exerted a \$231.4 billion pull on the national economy last year.

In addition to their everyday spending, teens also socked away \$10.2 billion in 1991 toward the purchase of more expensive durable possessions,

such as cars, VCRs, stereos, etc.

Manufacturers may do well to appeal to the teen market. In addition to their own weekly outlays on food, clothing and entertainment (a total of \$58 billion in 1991), many teens with working mothers are given the responsibility for food shopping. In 1991, that meant teens oversaw how an additional \$28.3 billion was spent at the supermarket.

Snyder's Teen Club HBA program draws teens

To Snyder Drug in Minneapolis, teens are a key niche that can, if reached properly, revitalize cosmetic sales.

"Most of the periodicals you read are talking about how much discretionary income kids have to spend these days," says John Hilbert, who, as manager of service operations for Snyder, handles many of their special projects.

"Teens are one of the largest users of cosmetics and they use a lot of what drug stores sell the most: eye, lip and nail. I read that the average teen spends \$10.14 a week on cosmetics."

The chain has started a test that management thinks could double its cosmetics business.

Teen Club introduced

Last March, in a single test store in Ames, Iowa, Snyder introduced a new program called a Teen Club. It was designed to encourage teens to think of Snyder as "a destination store" for cosmetics and other personal care/grooming aids.

As a prelude to the launch, Paul Mohlke—who manages the Ames store—and Hilbert made a thorough survey of the competition including discount stores like Wal-Mart, Kmart and Target. When they finished, they reduced their prices in cosmetics until they matched or beat the competition. Then to reach teens, Snyder began advertising in the local high school newspaper,

as well as on local radio.

In the ads, the chain used an illustration that shows a beautifully made-up mouth with the headline: "More Than Lip Service. You'll Love Our New Cosmetic Prices. Come In and Ask To Join Our Teen Club and You'll Receive a Free Bag of Cosmetics or Toiletries plus 10% Off Most Of Your Purchases As Well As Free Monthly Give-aways."

To monitor the effectiveness of the program, Snyder gave each new member a card with a membership number. Whenever a member uses the card, they get a 10-percent discount on anything they buy except prescriptions, sales items and tobacco.

To generate return visits, the chain gave each club member a separate punch card with incentives on it for visiting the store each month.

It worked like this. When a teen visited the store in March, for example, she got a free one-hour photo processing. If she came back in April, she got free nail enamel.

Snyder also assigns a number to each teen as she or he signs up, and through that number, the chain tracks how often teens come to the store, what they buy while there and whether or not they bring someone with them.

Snyder will also double the amount of any manufacturer coupon teens bring in.

Hilbert says that as this program builds momentum, he



With the average teen spending over \$10 per week on cosmetics alone, chains are wise to target programs specifically for them.

hopes the store will be able to:

- increase cosmetic inventory turns,
- increase unit sales,
- increase dollar sales,
- double, possibly even triple sales in cosmetics, and in the process, transform the department from where it is now, at about 4 percent of to-

tal store sales, up to 8 or 10 percent of sales.

Mohlke says that in the first month, some 150 to 200 kids signed up—between 80 and 85 percent of them were girls.

"The girls are mostly buying cosmetics," says Mohlke, "but they're also buying a lot of shampoos, styling aids,

school supplies and health aids as well as beauty aids."

The turnout

Mohlke says that when they started the Teen Club, they expected to get a lot of older high school kids, but they're finding they are primarily attracting younger kids 13, 14 and 15, often coming in with their mothers.

Down the line, Snyder plans more in-store events for teens, like free samples and make-overs. They're planning to form a Teen Club Advisory Board.

Mohlke and Hilbert say they'll use the board to learn more about teens. "We'll ask them what kinds of promotions they like, what they are buying and if we're pricing right."

Mohlke reports that parents have been coming in to tell him that the Teen Club is "one of the best things that has ever happened for their kids. I think it's because so many stores make kids feel unwanted. They discourage them or hover over them, making them feel uncomfortable or even not trusted."

Because Snyder feels that teens like to have someone on hand to ask advice of when they buy cosmetics, they are also beefing up their service program in the store.

The cosmetician in the store has been trained to answer questions from her customers. The fact that she is young makes her approachable.

Manufacturers sniff out profits from deodorants

The teen market is a hot topic with deodorant manufacturers who want to build brand loyalty and capture some of the age group's large discretionary income.

The Mennen Co. was the first to capitalize on the market by introducing Teen Spirit in 1989. As droves of young girls stocked up on it, other manufacturers were forced to step up their marketing efforts to hang onto their teen consumers. "The success of Teen Spirit is no secret," said Michele Kaminiski, category manager Mennen.

Much of the product's success is due to the fact that it is the only deodorant specifically marketed to teens. Print advertising features young girls in active situations and packaging features bright, bold colors and youthful graphics.

"We capitalize on anything that is incredibly cool

and hot," Kaminiski said.

Other brands, such as Procter & Gamble's Secret, Gillette's Soft & Dri and Ban by Bristol-Myers Squibb, attempt to attract youthful consumers even though the products are not specifically for teens.

The introduction of Teen Spirit prompted an increase in advertising directed at teens, according to Janice Grossman, publisher of *Seventeen*, a popular magazine with females 12 to 24.

"I think the manufacturers are just waking up to the fact that teens have enormous buying power," Grossman said. "They want to contact, impress and woo teens at the stage when they are forming brand loyalty and personal products are especially susceptible to brand loyalty."

Gillette is one manufacturer that attempts to reach teens through magazine advertising.

"Teens are heavy magazine readers and they are influenced by word-of-

mouth, so we do a lot of advertising in *Seventeen*, *Sassy* and *YM*," said Stacy Poritzky, a senior product manager with Gillette. "We have a significant share of 12 to 17 year olds and it's a very loyal user base."

There's also a deodorant market emerging for seven to 12 year olds, according to Phil Davis, president of Cleveland-based BertSherm Products. BertSherm manufactures Fun 'n Fresh and the product is carried by Wal-Mart, Target, Kroger, Revco and Walgreens.

The deodorant was introduced to a Ohio, Michigan, Indiana and Kentucky test market in 1989 and is targeted to kids aged seven through 12 who have unique personal hygiene needs, according to Davis.

"Fun 'n Fresh is not going to be a No. 1 brand, but it allows a store to bring in fresh dollars rather than adding another SKU of a major national brand and redividing existing dollars," Davis said.

Product categories that appeal to teens

Category	Percentage of female teens who use it 12-19	Percentage of male teens who use it 12-19
Toothpaste	98%	97%
Shampoo	96	96
Deodorants/anti-perspirants	95	88
Perfumes/colognes	82	—
Hair spray	81	39
Breath fresheners	73	60
Medicated cleansers/liquid lotions	63	37
Styling gels	61	36
Mouthwash	61	57
Pre-recorded cassette tapes	61	56
Disposable shavers	59	29
Suntan/sun screens	58	36
Cleansing creams/lotions	50	—

Source: STARS 1990 (Simmons Teenage Research Studies).

Chains eager to reach out and touch some teens

While many chain drug retailers like the potential of the teen market, they are often bewildered by what they see as the complexity, fickleness and unpredictability of this market and consequently, not certain how they should be reaching out to teens.

As Jim Harrison III, assistant to the president at Harco Drug, puts it "teens certainly have lots of disposable income, and are a huge market, but we don't know yet what services and needs they require. So we know we're not tapping into the opportunity they represent."

Because Harrison's comments were so common, *Drug Store News* decided we needed to get some feedback from people who specialize in marketing to teens.

We interviewed Jay Cole,

publisher of *Teen* magazine, and Marian Salzman, president of BKG Youth, a prominent youth market consultancy.

Salzman, wrote a column which appears on page 14; *Teen* provided primary research; and Paco Underhill, president of Envirosell, a marketing research firm based in New York, wrote a teen marketing column, also on page 14.

Salzman has appeared on a number of television shows to discuss her work with teens and, through BKG Youth, developed the National Teen Summit. The summit is an annual event in its third year that brings commercial sponsors together with student leaders for four days of seminars.

According to Cole, "Teens are very aspirated. They're

looking for good, solid information. They want to know how to achieve results and when it comes to beauty care products, they want to be educated on how to use what they buy as well as what to buy."

Cole says teens are a very responsive market. "You don't just talk to kids. You get them involved. That's one reason why teens love write-in columns where they can get answers to their questions. A good way to market to [them] is to develop a dialogue with them."

Cole says they also respond enthusiastically to coupons, contests and sweepstakes. "These are almost all response-orientated programs," he says, "and teens react to that."

Cole mentioned the Helene Curtis Salon Selectives/*Teen* magazine sweepstakes contest as one example of the kind of marketing program that works well with teens.



BEAUTY BEAT
LIZ PARKS

He said they also respond strongly to the column on feminine hygiene that P&G sponsors in *Teen*, and to the Cover Girl "Extraordinary Teen" contest that Noxell, now incorporated into Procter & Gamble's cosmetic and fragrance division, developed.

The Cover Girl event is an achievement recognition program, not a beauty pageant, and contestants are nominated for their accomplishments in such areas as helping to feed and house the homeless.

Cole says that retailers, as well as manufacturers, have been successful with contests and sweepstakes. Kmart, for example, uses the Miss Teenage America contest to involve teens in their stores.

Kmart invites the winner to serve as a corporate adviser to Kmart, and through her involvement, she helps Kmart build an identity and awareness among teens.

Marian Salzman warns that it would be a mistake to classify teens as liabilities instead of assets, she said: "If your idea of targeting teens means posting a guard at every aisle, you're missing out big time."

Salzman said that instead of discouraging teen traffic, retailers should be welcoming this age group with open arms. "Teens may be unpredictable, but when it comes to merchandising, they're a force few retailers can afford to ignore. They can make or break a store, a product, even an industry."

Quoting *Teen*, Salzman pointed out that 12- to 17-year-olds will grow by 15 percent this decade and drug stores are in a great position to woo these first time consumers because "they're conveniently located near homes and schools, and they offer the convenience of one-stop shopping."

Directing teen dollar spells success

Continued from page 14
planogram to a state of chaos after just one teen shopper.

A functional planogram is one that looks as good at 5 p.m. as it did at 9 a.m. Since items will be tested regardless, why not plan for it? Sacrificing one bottle of liquid base for a tester is cheaper and cleaner than having a shelf full of opened packages. Having a

cosmetician who works well with teens may be a good investment. The trick is to make sure they work the hours that teens are in the store.

While teens take more time than older shoppers to search out a certain product, they shouldn't have to scale a fixture to reach it. In two studies, one on snack food and the other on pet food, we docu-

mented young teens climbing into the shelves to reach products. The present system of shelf allocations for both drug and supermarkets often ignores the realities of who and how items are shopped. Young teens, petite women, and seniors are victimized. We know from our studies that teens are vulnerable to well designed and positioned POP devices. The key phrase here is well designed, which means specifically targeted to youth, and well placed means positioned where teens and young adults are likely to shop.

Savvy marketers know that teens have money and are willing to try new products and ideas. Teens are more brand conscious than brand loyal. This may be what drives impulse sales packaging, promotions and recognition will lure the teen shopper more than discounts and coupons.

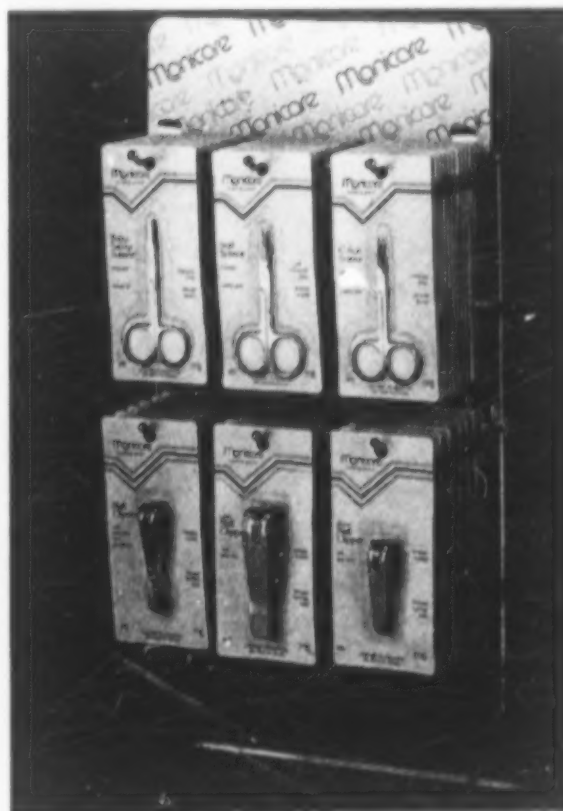
Paco Underhill is president of Envirosell, a marketing research firm based in New York.

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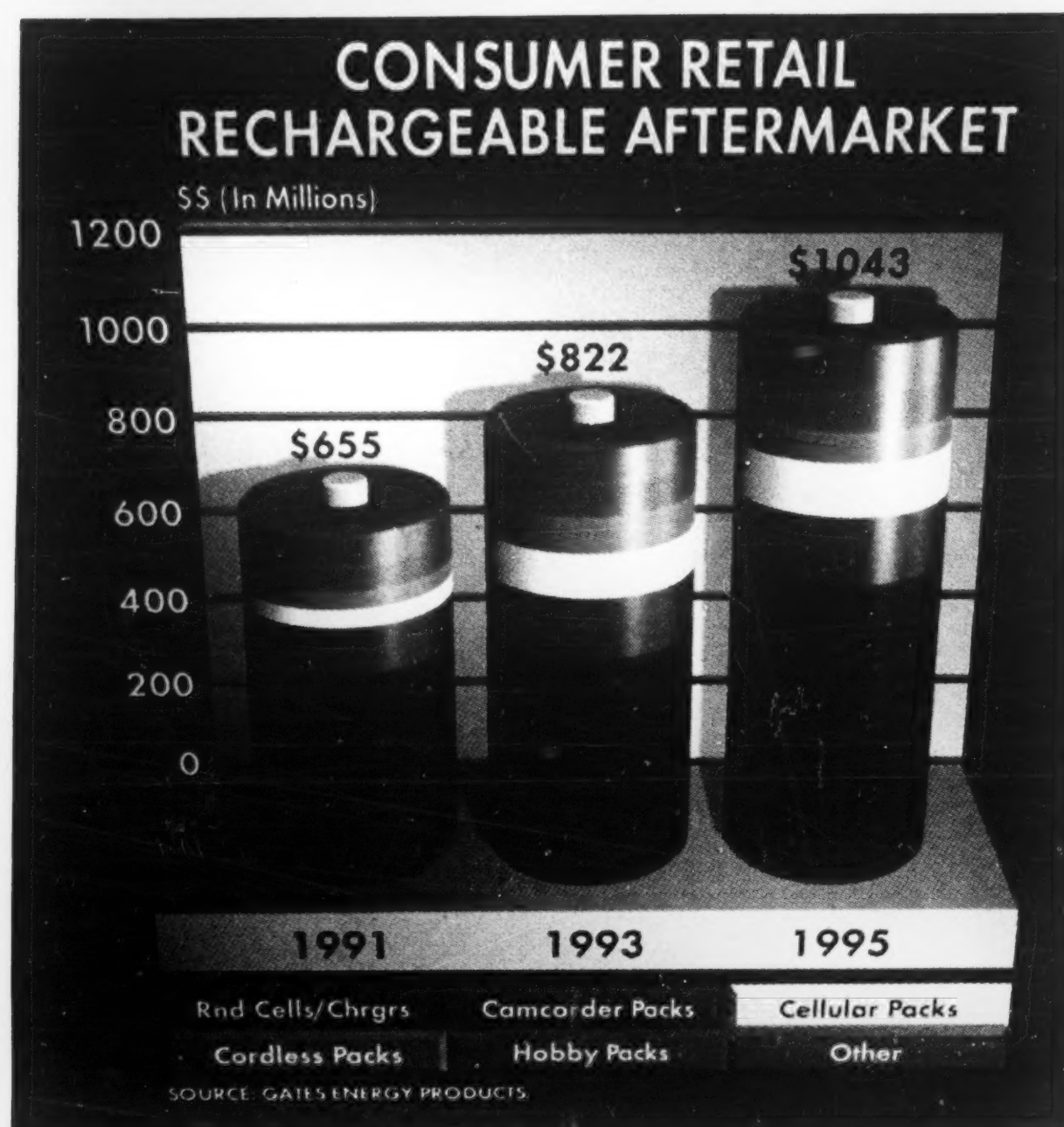
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Impulse, convenience fuel chains' battery sales



Drug stores remain a popular choice for battery purchases, even though discount stores and warehouse clubs have gained market share by moving truckloads of hot-selling alkaline multipacks.

Manufacturers' projections on the size of the battery market vary, but all agree the category will continue to grow. Demand will increase for all types of batteries and that bodes well for drug chains because photography, hearing aids and watch batteries are niche applications where increasing demand could fuel sales increases at drug stores.

"Growth in the popularity of photography has produced a big market for lithium photo batteries, and hearing aid batteries are also a growing area for Walgreens," said spokesman Mike Polzin. "The battery market is continuing to grow and the trend is toward alkalines as it has been for the past

five years. Also, manufacturers are continuing to spend money promoting directly to consumers and drug stores are benefiting from that."

One retailer that has stayed away from the multipack bandwagon is Thrifty White Drug Stores in Minneapolis.

"We primarily carry the Eveready and Duracell lines in two- and four-packs, and they do extremely well for us," said Lee Osborn, a buyer with the 53-store chain. "We don't have the space for large displays and multipacks."

The chain regards itself as a convenience store and has found, as most drug stores have, that multiple store locations are necessary to increase sales.

Convenience is key

Convenience is a strong suit upon which chain drug stores must rely heavily since it can be difficult to offer prices any

lower than prices at discount stores or warehouse clubs.

"Drug stores will remain a popular place for batteries without a doubt because of the convenience and impulse of the items," said Carl Wheeler, a buyer with Super D Drugs. "I don't think many people are going out to compare prices. It's convenient to pick up batteries when you are out somewhere and you see them."

To make the category convenient, Eveready spokesman Gary Baker recommends a permanent display of 4 to 12 feet as well as displaying product at other store locations.

"I would say drug stores have lost market share even though their sales are flat because the business is being impacted by new classes of trade that are emerging," he said. "Drug stores are still a dramatic piece of the business and they should look at whatever little niche they might be able to get into."

Eveready and Duracell combined account for 85 percent of all battery sales and both will

spend millions this year to promote their products.

Upcoming promotions

"We are going to do a tremendous amount of advertising with the Energizer Bunny," Baker said. "We will be doing a promotion this fall for Christmas where people can receive a free Energizer Bunny ornament with two proofs of purchase."

Duracell is also offering retailers a new program called Duracell Plus. The major component of the program is Modular Merchandising and it gives retailers the flexibility to order battery mixes according to how well a particular battery size sells, and it can be adapted for specific trade classes, store size or type, or seasonal geographic locations.

"Modular merchandising can benefit any retailer who needs to correct inventory situations or who simply wants to have tailor-made displays at strategic locations throughout the store," said Bruce Travis, Duracell's senior vp of sales.

As in past years, most of the category's growth is expected to come from increased sales of alkaline multipacks. Alkalines have steadily emerged as the most popular choice among consumers because they last up to six times longer than zinc carbon batteries, yet cost only about twice as much.

Today, alkalines account for about 80 percent of all batteries sold, compared to 25 percent in the late 1970s, and growth in the segment is expected for a variety of reasons.

Manufacturers expect alkaline multipacks to stay very popular as interest wanes in heavy duty and zinc carbon types. And retailers' addition of secondary and tertiary locations should spur sales.

Companies such as Rayovac and Panasonic remain players in the battery industry, but the strength of Duracell and Eveready, their economies of scale in production and distribution and significant investments in plant, technology and promotions make it difficult for competitors.

Rechargeables: \$1 billion by 1995

Rechargeable batteries are making strides in the marketplace, but a lack of education and high initial price points remain obstacles to rapid growth.

Drug stores presently account for only about 5 percent of all rechargeable battery sales. However, as product awareness grows, the category is estimated to increase from \$700 million in 1992 to more than \$1 billion in 1995. For drug chains to capture a larger slice of the expanding pie, manufacturers recommend promoting rechargeables differently than throwaway batteries.

"Grouping rechargeables with throwaway batteries fails to recognize the fundamental differences between the two

products," said Timothy Hill, director of sales and marketing with Gates Energy Products, Inc. "Rechargeable power cells and packs truly are durable goods and should be classified as such."

"Since rechargeables have been in the market, sales have been pretty flat and I think it is pretty much going to stay that way," said Carl Wheeler, a buyer at Super D Drugs, Inc.

Other stores are noticing some improvement in the category. "Rechargeables is a category that is getting better for us, but it's still a small share," said Walgreen's spokesman Michael Polzin. Manufacturers are spending their money promoting throwaways. Out to

change all that is Gates, the nation's largest rechargeable manufacturer. After manufacturing private labels for 25 years, Gates introduced its Millennium Power System line in January 1990 and has actively promoted the product at trade shows; it will soon unveil its Millennium Advantage Program.

"This year, we'll be increasing our advertising by 25 percent and we've doubled our investment in consumer education," said Hill.

Minneapolis-based Thrifty White Drug Stores carries the Millennium line. "We use Millennium and they really back the product with a lot of advertising. It is a steady category, but it has never been a barnburner for us," said buyer Lee Osborn. According to a study conducted by Clarion Marketing and Communications of Stamford, Conn., on behalf of Gates, nearly 90 percent of rechargeable users expressed a high degree of satisfaction.

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Style, selection key to reading glass sales boom

When retailers view the reading glasses category, service is coming into sharper focus.

Retailers have found that by infusing fashion and higher quality frames into the mix, they could capture more impulse sales. Aging baby boomers responded to the greater selection to the point that the category has been likened to consumable products. And at many chains that's meant double digit growth over the past two years.

Phil Kahn, executive vp, Personal Optics estimates that in dollars per square foot, reading glasses rate as one of the most profitable categories in the store.

"The category is becoming disposable," said Steve Hewes, buyer at Melville, N.Y.-based Genovese. "People buy a few pairs for home, then they buy a pair for the car."

With so much consumer acceptance, how do retailers keep the right assortment of styles, colors and strengths in stock?

Stay in stock

"If you're out of stock, you're out of business," said Susan Lund, buyer at Minnetonka, Minn.-based Snyder's Drug Stores. Since the sale of reading glasses by drug stores was legalized in the state three years ago, Lund said the Magnivision glasses ranging in price from \$14 to \$18 that she stocks have been "selling like crazy."

Lund carries a mix of eight strengths in 10 styles in a floor stand near the pharmacy, a big assortment which, she says, suffers whenever she runs out of stock.

"We run ads once every quarter. We just finished a coupon book that offered \$4 off glasses and we were completely wiped out after the promotion," she said.

Since the maintenance of the category depends most often on rack jobbers, retailers often feel frustrated in their goal to keep the category fully stocked.

"When I'm out of Maalox, I can call the wholesaler," said Robin Koon, buyer at Newport Beach, Calif.-based Horton & Converse Pharmacies. "But I can't get reading glasses from the wholesalers and the rack jobbers may not come in for six to eight weeks." Koon said the



A selection of fashion and high quality frames can lead to impulse sales in a category that is becoming almost disposable.

19-store chain is selling about 200 pairs of Crown glasses chainwide per week and is pulling a 50 percent margin.

Service programs key

To counter out-of-stock problems, Magnivision has instituted Magniserve, a special service which employs rack jobbers to service stores. The service has gone from a regional service started four years ago to a national service.

"We're making over 30,000 service calls a month," said Howard Brauner, vp marketing for Magnivision. "We service high volume chains such as Duane Reade twice a week. We visit the Longs in Honolulu—the highest volume store in the country—even more often."

Said Joseph Agugliaro, buyer at Duane Reade: "We put Magnivision in the stores in November and we've already done a strong business. The best part is that we don't touch it. The rep comes in and orders merchandise,

then it's express mailed overnight to the store."

Agugliaro said the chain is moving the racks from the back of the store to front locations, a move which may generate even higher turns.

Kerr Drug, one chain which had considered warehousing as a solution to out-of-stock problems, has opted instead to use Magniserve.

"Anything I would have gained through warehousing allowances I would have spent to keep up stock," said Chuck Bower, buyer at Kerr. "By the time I pick it and ship it, I haven't saved anything."

Bower said that Magniserve calls on Kerr stores once every three weeks to once a week, depending on the store's volume.

Creating the right mix

He said he's also worked with Magnivision to weed out slower moving items and to add newer styles.

"The average price for the glasses is \$14.95. Last year we added a tinted bi-focal that re-

tails for \$18.95. This is one area where people don't shop around. They see it and if they want it, they buy regardless of price," Bower said.

He says he wouldn't think of stocking imports at \$8.99; other merchants, Cont'd on 39

Duane Reade is moving the racks from the back of the store to front locations, a move which may generate even higher turns.

Most frequently advertised reading glasses at top 50 drug chains

(August 1991 to January 1992)

Brand	% of total reading glasses advertised
Magnivision	60.7%
Personal Optics	11.1
PennOptics	8.9
Forrester & Vos	8.6
Forster Grant	5.9
D.K. Select	4.4
Crystal Visions	3.0

Source: Ad Activity Marketing Services, Inc.

'If you're out of stock, you're out of business.'

—Susan Lund

Reading glasses see booming sales

Cont'd from 36 such as Horton and Converse's Koon, said lower priced items have the swiftest turns.

"Our customer base doesn't really care about the fashion component," said Koon.

Fashion, however, is driving sales at chains such as Genovese, Hutchinson, Ks.-based Dillon Stores and Tuscaloosa, Ala.-based Harco.

"The rack has to be organized according to what the customer wants, but the mix also needs a splash of fashion," said Frank Gable, vp of sales at Harco.

"The fashion element is driving multiple sales."

Harco carries the Better Vision line, with glasses priced between \$16 and \$17. While chains such as Harco and Kerr hold price, Genovese discounts its \$14 to \$24 merchandise to offer customers everyday low prices.

Strong margins

"Our margins are still a strong 50 percent and up even though we discount," said Hewes. Hewes said he stocks 16 styles in seven to eight powers on a rack at the back of the store that holds 190 pieces.

Hewes advertises the category six times a year in circulars. Although Bower doesn't discount reading glasses, he does run 25 percent off promotions on his entire rack. Since the rack is placed near the pharmacy area, the promotions spark impulse buys from customers waiting for their prescriptions.

Harco's Gable said that rack presentation is also important to making a sale. "Customers need some guidance on their purchase. They need a selling tool to help them determine what they need," he said.

Read-y-Vision is one vendor that's customizing its



A manufacturer with a good service record is key since sales depend on a broad assortment in the reading glasses category.

racks to retail outlets.

The line's parent company, Forrester & Vos, has developed a rack that holds 360 pairs of glasses.

Personal Optics has a twin-spinner display rack with an overhead mirror and information on how to select the proper lens strength.

Plus, Pennsylvania Optical is offering four new displays in two merchandising options (side hooks for dense stocking and half moon for a less dense presentation). The vendor's floor units accommodate 120 to 180 pieces.

Fashion is vision for reading glasses

Fashion is fueling reading glasses as baby boomers' vision dims, but their fashion sense remains in clear focus. Here's a sample of the wide range of products manufacturers are offering:

- Pennsylvania Optical offers several lines segmented to different markets. Essential Eyes is a value line retailing at \$10 to \$14. Foster Grant Spare Pair retails at \$8 to \$22. The

two high-end lines, Roberto Morelli and Studio Optique, retail between \$30 and \$35.

- Opti-Ray offers a fashion line with a selection, appearance and quality similar to glasses found in optical stores but at a price range between \$14 and \$22.

- Magnivision offers the Single Vision line priced at \$14, a line of gradient tinted bifocals priced at \$18

and the Gold Collection, which features spring-hinged frames, for \$24.

- Personal Optics has a mid-priced line of metal and plastic frames priced at \$9.99 to \$11.99 and the DK Select, a fashion line with frames ranging from \$14.99 to \$17.99.

- Select-A-Vision is offering a wide-range of fashion styles in all strengths. The company also offers accessories.

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Drug Emporium sustains losses for 1992 FY

COLUMBUS, Ohio — As expected, Drug Emporium posted a net loss for its 1992 fiscal year after weathering an economic downturn and lowered gross margins and costs related to franchise operation buyouts.

For the period ended Feb. 29, 1992, the nation's second-largest deep discount drug chain lost \$4.7 million vs. net income of \$6.6 million the previous year. Reflecting greater corporate contributions from previously franchised units purchased by Drug Emporium, net sales were up 20 percent to \$746 million in corporate-owned units for the year.

The results include a \$4.8 million restructuring charge and a \$2.4 million increase in fourth-quarter SG&A expenses related to underperforming stores marked for closing or relocation, the company said. Those changes are part of a company-wide restructuring aimed at centralizing buying, accounting and other functions and consolidating the field operations network into fewer regional offices.

"Management has devoted a great deal of effort over recent months to refocusing the business on serving the customer . . . very efficiently," said ceo Gary Wilber. "Our restructuring process continued into the first quarter of the new year, but we do expect to benefit in subsequent quarters as our stronger organization begins to strengthen margins and profitability."

In a financial statement, the company blamed its decreasing margins on its "determination to maintain and grow market share in several of its operations (primarily its Atlanta market) through a more aggressive pricing policy initiated in the second half of fiscal year 1991." It added, however, that "management does not anticipate this margin decline to continue."

Jean Coutu in fighting posture despite tough economic climate

By James Frederick

MONTREAL — Shrugging off what it called "unfavorable" economic conditions, The Jean Coutu Group (PJC) squeezed out a healthy gain in sales and earnings for the first nine months of its current fiscal year. Quebec's dominant drug chain also went aggressively after real estate opportunities in the past year, belying the tough climate for real estate development in Canada.

For the first three quarters, PJC boosted revenues 20.2 percent to \$556.6 million (Canadian). Net earnings were up a healthy 9.5 percent, to \$26.1 million.

Coutu's American operation, Douglas Maxi Drug, contributed \$72.5 million to total sales and more than \$700,000 (Canadian) to Coutu's bottom line. Coutu has gained a solid foothold in the Northeastern U.S. through the subsidiary, which operates 21 large-scale, discount drug and general merchandise outlets in Rhode Island, Massachusetts and Connecticut.

"Management expects [Douglas Maxi Drug's] profitability to increase consider-

ably by the end of the year, given the growth in business volume recorded in December and January, and the fact that the integration and rationalization program has for the most part been completed," noted Coutu in a statement earlier this year.

"We are going to capitalize on the visibility and reputation of the Douglas Maxi Drug outlets to promote the opening of new pharmacies, first in Rhode Island, and later in the other states where we are already present," Coutu noted.

Other goals for the U.S. stores: to improve and standardize purchasing, pricing and control policies; enhance product selection; and boost promotional efforts in seasonal merchandise, beauty products and pharmaceuticals.

Coutu also remains aggressively poised for an upturn in Canada's economy. The chain has boosted its store total in Canada to 199 units. What's more, Coutu has developed a new, smaller-store format and is wedging those bantam units into "secondary markets in Quebec and the Maritimes," according to a recent statement.

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MARKET DIARY:			
Largest Dollar Gainer	Pfizer Inc.	\$	6.38
Largest Dollar Loser	Barr Laboratories	\$	-7.13
Largest Percentage Gainer	Zenith Labs		22.73%
Largest Percentage Loser	Barr Laboratories		-41.01%

Advances	31
Declines	23
Unchanged	8
New highs	1
New lows	7

	Close 4/20/92	Close 5/5/92	Net Change	Percent Change
Drug Store News Index	4769.98	4808.28	38.31	0.80
Dow Jones Industrial Average	3336.31	3359.34	23.03	0.69
Standard & Poor's 500-Stock Index	410.16	416.84	6.68	1.63
N.Y.S.E. Composite	225.77	229.50	3.73	1.65
Value Line Index	252.78	256.61	3.83	1.52

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 4/20/92	Closing Price 5/5/92	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	5.25	5.13	-0.13	-2.38	27	0.00	0.00	6.88	3.47
OTC	Arbor Drugs	ARBR	21.75	19.38	-2.38	-10.92	21	0.12	0.62	25.25	16.25
OTC	Big B	BIGB	14.13	14.75	0.63	4.42	17	0.20	1.36	16.25	10.63
OTC	Drug Emporium	DEMP	7.75	7.75	0.00	0.00	—	0.12	1.55	9.25	5.50
NYS	Fay's Inc.	FAY	9.50	9.50	0.00	0.00	17	0.20	2.11	15.25	8.25
ASE	Genovese Drug	GDX.A	10.25	10.25	0.00	0.00	10	0.24	2.34	14.75	9.75
NYS	Longs Drug Stores	LDG	34.38	34.50	0.13	0.36	13	1.08	3.13	44.38	33.13
OTC	Medicine Shoppe	MSH	23.75	26.25	2.50	10.53	19	0.36	1.37	30.75	19.00
NYS	Perry Drug	PDS	9.00	8.50	-0.50	-5.56	12	0.00	0.00	11.63	5.88
NYS	Rite Aid Corp.	RAD	21.38	21.63	0.25	1.17	15	0.52	2.40	23.75	17.25
NYS	Walgreen Co.	WAG	34.50	32.75	-1.75	-5.07	19	0.52	1.59	39.75	28.63
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	21.13	21.50	0.38	1.78	16	0.40	1.86	23.91	16.00
OTC	Bindley Western Ind.	BIND	14.63	15.38	0.75	5.13	9	0.04	0.26	20.75	13.50
OTC	Cardinal Distribution	CDIC	26.00	27.75	1.75	6.73	22	0.08	0.29	38.75	22.50
OTC	Durr-Fillauer	DUFM	23.50	23.50	0.00	0.00	16	0.28	1.19	34.75	17.50
NYS	FoxMeyer Corp.	FOX	12.88	13.75	0.88	6.80	15	0.28	2.04	16.63	10.75
NYS	McKesson Corp.	MCK	32.88	32.13	-0.75	-2.28	35	1.60	4.98	40.13	32.13
ASE	Moore Medical	MMO	6.75	7.00	0.25	3.70	23	0.00	0.00	7.88	3.00
NYS	Owens & Minor	OMI	18.00	18.00	0.00	0.00	18	0.24	1.33	24.25	12.34
Manufacturer's transactions											
NYS	Abbott Labs	ABT	63.25	66.75	3.50	5.53	25	1.20	1.80	69.75	48.38
NYS	American Home Products	AHP	76.13	78.63	2.50	3.28	17	2.60	3.31	86.25	57.75
ASE	Barr Laboratories (L)	BRL	17.38	10.25	-7.13	-41.01	22	0.00	0.00	37.50	10.25
NYS	Baxter International	BAX	36.63	37.50	0.88	2.39	18	0.84	2.24	40.88	31.50
OTC	Block Drugs Co. (L)	BLOCA	53.50	49.50	-4.00	-7.48	16	0.88	1.78	61.00	48.88
ASE	Bolar Pharmaceutical	BLR	9.63	9.88	0.25	2.60	—	0.00	0.00	14.50	3.00
NYS	Bristol-Myers Squibb (L)	BMV	73.63	76.50	2.88	3.90	19	2.76	3.61	90.13	71.88
NYS	Carter-Wallace	CAR	89.25	84.75	-4.50	-5.04	28	1.00	1.18	137.50	60.13
ASE	Columbia Labs	COB	7.75	7.50	-0.25	-3.23	—	0.00	0.00	10.38	4.75
ASE	Del Laboratories	DLI	21.88	21.63	-0.25	-1.14	16	0.28	1.29	24.38	15.38
ASE	Forest Labs	FRX	31.75	34.00	2.25	7.09	32	0.00	0.00	43.63	28.63
ASE	Halsey Drug	HSG	5.81	6.75	0.94	16.12	26	0.00	0.00	9.75	4.56
NYS	ICN Pharmaceutical	ICN	14.50	13.38	-1.13	-7.76	25	0.00	0.00	25.38	4.63
ASE	Lee Pharmaceutical	LPH	1.25	1.50	0.25	20.00	—	0.00	0.00	2.13	0.75
ASE	Leiner P. Nutrition	PLI	14.88	14.88	0.00	0.00	17	0.00	0.00	14.88	10.25
NYS	Lilly Eli Co. (L)	LLY	69.75	69.13	-0.63	-0.90	15	2.20	3.18	87.75	67.13
NYS	Marion Merrell Dow	MKC	34.50	34.88	0.38	1.09	16	0.92	2.64	39.00	27.25
NYS	Merck Co.	MRK	144.38	147.75	3.38	2.34	26	2.76	1.87	169.75	113.25
NYS	Mylan Labs	MYL	34.38	35.75	1.38	4.00	33	0.20	0.56	43.25	22.00
NYS	Novo-Nordisk	NVO	84.38	86.00	1.63	1.93	19	0.60	0.70	96.00	61.75
OTC	Nutramax Products	NMPC	10.63	10.00	-0.63	-5.88	25	0.00	0.00	12.50	5.50
NYS	Pfizer Inc.	PFE	66.50	72.88	6.38	9.59	33	1.48	2.03	87.00	54.00
NYS	Pharmaceutical Resources	PRX	6.13	5.75	-0.38	-6.12	—	0.00	0.00	8.00	2.63
NYS	Rhone-Poulenc Rorer	RPR	53.25	54.00	0.75	1.41	22	0.64	1.19	69.38	40.50
NYS	Schering Plough	SGP	53.25	55.00	1.75	3.29	17	1.56	2.84	68.00	48.88
NYS	Syntex Corp.	SYN	42.63	45.63	3.00	7.04	23	1.04	2.28	56.00	36.75
OTC	Taro-Vit Industries	TAROF	10.25	10.25	0.00	0.00	85	0.00	0.00	12.75	3.25
OTC	Teva Pharmaceutical Ind.	TEVI	24.88	23.75	-1.13	-4.52	24	0.20	0.84	28.38	11.75
NYS	Upjohn Co. (L)	UPJ	35.25	37.25	2.00	5.67	12	1.36	3.65	47.88	34.38
NYS	Warner-Lambert (L)	WLA	61.63	63.88	2.25	3.65	52	2.04	3.19	79.25	60.25
OTC	Zenith Labs	ZENL	16.50	20.25	3.75	22.73	—	0.00	0.00	24.25	7.00
Other retailer transactions											
NYS	Albertson's	ABS	44.63	41.75	-2.88	-6.44	22	0.64	1.53	47.75	32.75
NYS	American Stores	ASC	33.63	33.13	-0.50	-1.49	10	0.68	2.05	43.94	26.00
NYS	Giant Food (L)	GFS.A	21.13	21.00	-0.13	-0.59	14	0.68	3.24	30.38	20.38
NYS	Great Atlantic & Pacific Tea	GAP	34.13	32.63	-1.50	-4.40	18	0.80	2.45	48.00	25.00
NYS	Kmart	KM	49.75	49.75	0.00	0.00	13	1.84	3.70	55.00	38.13
NYS	Kroger	KR	18.50	17.75	-0.75	-4.05	14	0.00	0.00	24.50	15.38
NYS	Melville Corp.	MES	48.75	50.63	1.88	3.85	16	1.48	2.92	55.25	38.25
OTC	Fred Meyer	MEYR	25.63	25.50	-0.13	-0.49	14	0.00	0.00	29.25	16.00
NYS	Penney, JC (H)	JCP	63.50	66.50	3.00	4.72	17	2.64	3.97	67.88	47.13
NYS	Safeway	SWY	14.88	15.88	1.00	6.72	28	0.00	0.00	20.25	14.38
NYS	Smith's Food & Drug	SFD	36.88	36.38	-0.50	-1.36	22	0.44	1.21	43.25	30.25
NYS	Wal-Mart	WMT	52.88	52.00	-0.88	-1.65	37	0.20	0.38	59.88	39.88

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split. Source: Nordby International Inc., Boulder, Colorado (303) 449-0326.

NEWS FOCUS

• Is FDA's "Alert List" really an anti-generic black list? That's what lawyers for Barr Labs allege in a new lawsuit challenging FDA tactics for delaying approvals for the company's ANDAs. According to the complaint, FDAers have placed Barr on an unauthorized and illegal "Alert List" that prevents generic manufacturers from securing new drug approvals, selling products to federal agencies or even improving their manufacturing procedures. Among the more than 80 new Barr drug applications which company officials say are being improperly blackballed by FDA's "extra-legal" procedures: a generic version of the pricey AIDS drug AZT—a product for which Barr has already received a license from the National Institutes of Health.

• Talk about the need for counseling as reported in our cover story, the just released Schering Report XIV, "Improving Patient Compliance," notes a decrease in drug counseling by doctors and pharmacists which is contributing to the nation's \$750 billion health care bill. Disturbingly, the rate of medication advice surveyed patients received from either their doctor or pharmacist fell from that reported in 1987. The report suggests this lack of counseling contributes to the non-compliant 8.7 percent who fail to have their new scripts filled. The cost to retail drug stores: \$51,000 a year per store. .



Pharmacists get consultation wake up call

Today's pharmacists say they want more communication with patients, but who's got the time? What happens next year when Medicaid's "OBRA" rules mandate patient counseling? Will third parties pay for patient consultations? Or will pharmacists who shirk their "duty to counsel" risk a new liability nightmare? Cover story begins on page 17.

Legal Limit law column debuts 36

3-credit AIDS CE lesson

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editor's note

Ask and you shall receive. . . well, we'll do our best

In an attempt to be more responsive to your needs, we began a series of regional pharmacist panels to keep in touch with issues important to the practicing community pharmacist. The first panel* met in New York in January; the second, in San Diego, in March. We hope to visit other areas of the country throughout the year. If you are interested in participating in future panels, drop me a note.

When queried about the most important issue facing their practice today, third-party issues won hands down. Mail Order Pharmacy Service and preferential pricing, the new Pharm. D and what will happen to B.S. pharmacists re: grandfathering and reimbursement for pharmacist cognitive services, were also high on the list of critical issues.

In addition to expanded editorial coverage, you'll see the results of these panel discussions in new departments starting with this issue. "Managed Care" will address third-party concerns; "Legal Limits" is a new law column that starts this month; "Ask the Expert" will be a new column next month that will attempt to answer your questions about business/merchandising problems you might have. (A panel member suggested he doesn't just want to read about problems but wants to read about so-

lutions, so send in your problems—we'll try to help.) And our bimonthly technician training series was so well received that it will pick up where it left off starting next month. Let us know what you think.

* * *

* *Drug Store News* would like to thank our pharmacist panel members.

N.Y. panel: **Luigi DiBoni** and **Jerry Cohn**, New Jersey; **Craig Schury**, Pennsylvania; **Howard Levine**, **Herb Mindlin**, **Bruce Greenwald**, **Allen Itzkowitz** and **Ken Hoffa**, New York.

Calif. panel: **Bob Armstrong** and **Roberta Armstrong** of Michigan, **Henry and Tracy Smith**, and **Ginger and Al Lockamy** of North Carolina.



Dianne M. Tharp

contents

Answering the consultation wake up call

DUR and OBRA will require it and NACDS found it the single most important role for tomorrow's pharmacist. But how do pharmacists know they are doing enough counseling and doing it properly? Page 17

Therapeutic skin care

Teens' continued obsession with clear skin and aging baby boomers' need to restore skin moisture translate into swift sales. Page 28

Corrections: In the April 20 issue of *Drug Store News For The Pharmacist*, the photograph of a drug information kiosk on page 36 was taken at Phar-Mor in Littleton, Colo. The Pharmacy Power Players chart on page 34 should show Kmart in fourth position with 1,400 pharmacies and 2,255 U.S. stores.

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Teens, aging boomers to boost skin care market

Acne products move into a strong uptrend, while an aging population and shift in baby-boomer activities indicate potential growth in dry skin and contact dermatitis medications. Acceleration of Rx-to-OTC will result in increased OTC counseling for these categories.

Since the skin is the largest organ of the body, it's not surprising that pharmacists are frequently asked questions about topically applied dermatologicals. The need for OTC counseling is certain to increase as more medications with additional active ingredients and dosage levels move from prescription to OTC status. In addition, the trend toward more multi-functional products, along with consumer uncertainty about dosage forms and varying strengths, means there are sure to be more bewildered consumers needing a pharmacist's advice.

Cost is a factor, too. More consumers will seek self-medication for minor dermatological problems to avoid the cost of rising deductibles and the inconvenience of visiting a physician. In the short-term view, the current recession, and in some cases loss of health insurance by the unemployed, encourages more self-medication.

The predictable demographics of the baby boomers (born from 1946 to 1964) and its "boomlet" offspring points toward an increasing demand for dry skin products for a swelling older population. One that will become increasingly prone to dry, scaly skin and skin infections. At the same time the growing number of adolescents is expected to boost the anti-acne and antibiotic markets in the U.S.

Severely dry skin

An aging population means more demand for products to treat dry skin, and that means questions ranging from "will this work on my hands (or elbows or heels)" to "is this greasy?"

At Maple Pharmacy in Farmington Hills, Mich., Sheldon Rich keeps a section of therapeutic skin care products in the

pharmacy area, as he explains, "so when a customer asks, the pharmacist can recommend rather than walk to the shelf." The regular section is also signed "Ask the pharmacist."

Kathy McCarthy at Drums Pharmacy in Westminster, Calif., who does well with Basis, Moisturel, Eucerin and Purpose, says "I've seen dermatologists give patients a list of products and say 'Use one of these.'"

Women are the biggest consumers of therapeutic dry skin medications and since a high percentage of baby-boomer women hold jobs outside the home, a convenient dosage form is important for patient compliance. Ray Figueroa, director of research and development of Baker-Cummins ventures: "The issue in the dermatological area, especially in medicated skin care therapy, is that a smelly ointment isn't always conducive to patient compliance." He notes that today's formulations, such as Ultraderm, have overcome that historic drawback.

Buyer Robin Koon at Newport Beach, Calif.-based Horton & Converse (H&C) says, "Keri has dropped—we've seen it drop because new competition is not as greasy. People who have to work hate greasy products even though it is a very good product." On the other hand, at Boatwright Drug in Millington, Tenn. Steven Boatwright says Keri lotion is still a leader along with Lubriderm.

Koon notes that Penederm is moving well because it is being promoted to dermatologists who then recommend it to their patients. Koon reports that he also does well with Eucerin and Moisturel and sells pound jars of both Eucerin and Aquaphor. In New York City, Morty Ginsberg of Perla Pharmacy is pleased with the performance of Theraplex from Medici Pharmaceutical, and says "We've recommended the product and we've had some nice results."

Product innovations

The skin's effective-barrier properties challenges dermatology to improve delivery of topi-

cally applied products without inducing irritation. The American Academy of Dermatology reports a recent study showing that alpha-hydroxy acids (AHA), such as lactic acid, not only moisturize the skin but also make the stratum corneum more resistant to potential irritants.

Lac-Hydrin Five, from Westwood-Squibb for severely dry skin, offers an ammonium lactate formulation that penetrates to the dermal layers to help cell growth and the production of keratin.

A further example is the new product from Penederm, Pene-Care Cream and Lotion, which contains lactic acid and other emollient materials delivered by a new topical delivery system, Topicare Delivery Compounds, which utilizes polymeric molecules. According to Penederm,

the system does not penetrate through the skin, but remains near the surface, creating a reservoir while aiding delivery of other agents into the skin. Introduced in California last year, this product will be available nationally later in 1992.

Another unique formulation in Pen-Kera cream from B.F. Ascher & Co. utilizes a keratin binding factor (poly-amino sugar condensate and urea), which, upon application, is absorbed into the skin and binds with the keratin structure.

Figueroa calls its Ultramide-25 the "most innovative" product in their line. It contains 25 percent urea, a mild keratolytic and softening agent for very dry skin, especially on feet and elbows.

This year, Vaseline Intensive Care will be targeting the re-

Continued on page 30

Growth & forecast sales of OTC topical medications

(Millions of manufacturers' dollars)

	1988	1990	1995
Acne medications	150	160	181
Hydrocortisone topicals	52	56	80
Antiseptics and anesthetics	87	97	110

Source: Frost & Sullivan.

Major trends in OTC topical medications

From:	Toward:
Some Rx-to-OTC	More Rx-to-OTC
Single or few active ingredients	More multiple active ingredients
Traditional concentration of active ingredients	Stronger formulations
Standard containers with traditional packaging	More innovations in packaging such as single use containers
Single indications such as poison ivy remedy	Several broad indications, such as the relief of itching
Some consumer advertising	More consumer education through advertising and promotion
General products	More items targeting well focused niches

Source: Frost & Sullivan.

Aging boomers, teens to boost skin care market

Continued from page 28

ported 66 percent of women who use skin lotion before bed with its new product, Vaseline Intensive Care Overnight Moisture Treatment Cream, formulated to provide six to eight hours of uninterrupted moisture therapy.

On the other hand, marketers agree, another consumer segment has barely been tapped—the male market for dry skin treatment, which has solid potential in the burgeoning 40-plus demographic group. So far, report pharmacists queried by *Drug Store News*, men infrequently seek dry skin treatment.

Drums' McCarthy notes that one of her male customers, who said he drives with his arm exposed through the open window, asked advice for a skin medication for rough elbows. It's up to the marketers whether more aging men will seek skin products for weather-roughened skin, but so far McCarthy says: "Most men out there don't care—but some of them do."

Acne on the rise

"The teen market is huge because they're all going through it," observes Peter Nalen, product manager for Johnson & Johnson's Purpose products. In the latest study from Nielsen Market Research, acne medications reached \$238 million at retail in 1991, for a 2 percent rise over the previous year. More striking is this category's projected growth relative to other types of dermatological medications: Market Intelligence Research Corp. shows growth in the U.S. anti-acne market from 8.2 percent of all dermatology medications in 1987 to a projected 25 percent by 1993, up to 34.5 percent by 1997.

Drug stores still command the largest acne market share at \$105 million in 1991 (compared with \$99 million in food stores and \$35 million in mass merchandise outlets) although drug stores lost 1.4 percent of share last year, largely to gains by mass merchandisers.

Latch-key children of working

parents learn about independence at an early age, and are likely to select their own acne products, especially since studies show that acne is most widespread around age 17 when many teens are able to drive and shop on their own. "Kids go by brand," says Perla's Ginsberg.

Although a year-round market, OTC acne medication awareness is heightened each year when major brands like Clearasil launch their spring campaigns. Last month, Clearasil's big spring-break promotion, backed by national TV and print ads, ran with a save-the-earth theme: "keep the hope alive." The message had a second meaning for kids with troubled skin who are facing prom and graduation season.

At Horton & Converse—where the acne prep category is very steady—Koon reports that Clearasil still leads the pack followed by Noxzema and says both scrubs and pads are doing well. Noting that introductions of late have been line extensions he says, "I'd like to see someone come out with something new."

McCarthy says young customers often buy the wrong OTC acne medications, such as the girl with very dry skin who was about to purchase a drying astringent until McCarthy recommended that she use a hypoallergenic cleanser instead. She advises that patients try a 5-percent benzoyl peroxide treatment "because benzoyl peroxide can irritate. If it doesn't, they can go to 10 percent," says McCarthy, who also recommends gels over lotions for better penetration. McCarthy and Rich agree that most teen acne customers do not keep skin clean enough. "I usually recommend Basis soap or Neutrogena," says Rich.

Teens are not the only market for acne medication. In a recent acne update from the American Academy of Dermatology, it was reported that the number of female patients with adult acne is on the rise. Industry studies show that 83 percent of women between 18 to 40 suffer from recurring acne. Reasons for the in-

crease include workplace stress and use of oral contraceptives. This market has not yet been reached effectively, since acne products are designed for teenagers with oily skin, whereas skin of more mature women still needs moisturizing.

Most OTC acne products include benzoyl peroxide, which is under review by the FDA but recently was deemed safe to sell (see box). Acne therapy, however, can cause dry skin. Purpose, from Johnson & Johnson, addresses the side effects of prescription remedies for acne with active ingredients such as tretinoin, which cause redness and dryness and can discourage compliance. Patients undergoing this therapy, when refilling a prescription, sometimes mention to the pharmacist that they are experiencing discomfort. J&J's Purpose line includes a

moisturizer formulated to aid compliance with acne therapy.

The anti-itch/anti-rash market is segmented by type of active ingredient and indication.

Contact dermatitis

Hydrocortisone, through its anti-inflammatory action, is used for itching due to minor skin irritation caused by anything from insect bites and poisonous plants to detergents, cosmetics and jewelry. It represents the strongest growth segment in the itch/rash market, with retail sales of over \$100 million in 1991.

Koon, who merchandises all itch remedies in first aid, reports that the new hydrocortisone 1-percent products—Cortizone 10 and Maximum Strength Cortaid—are "doing just great." He's seen the half-percents "plummet" after introduction of the stronger product. ■

FDA decides acne preps are safe to sell

After three decades as an active ingredient in many OTC acne medications, benzoyl peroxide is under FDA scrutiny for possible carcinogenic effects. In mid-April, following the advice of medical experts who maintain that benefits outweigh risks, the FDA determined that benzoyl peroxide could remain on the market pending further animal studies.

Products with the ingredient, such as Clearasil, Benoxyl, and Oxy-5 and -10, account for around one third of a market totaling \$238 million in 1991, according to Nielsen Marketing Research.

The safety question arose when studies determined that laboratory rodents developed cancerous tumors when benzoyl peroxide was applied to the skin or taken orally. Experts have argued that the experimental dosages were thousands of times the

amount a human could take in a lifetime. Medical advisers told the FDA panel that if the widely used ingredient should require a prescription, physician's offices would be swamped with patients.

FDA spokesperson Sharon Snyder told *Drug Store News* that long term studies would take around three years, followed by another year to analyze results. At the time of the April hearing it was decided that a warning would be added to labels of this group of OTC products "to alert consumers that there are some concerns about this drug and it is under study," said Snyder. The next step will be to draft the wording, which will probably add one sentence to current labels. Snyder explained that products would not be recalled over the label change and those with old labels could still be sold. ■

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Fay's cuts costs to beef up profits

By Barbara White
LIVERPOOL, N.Y. — On the heels of a sluggish first quarter, Fay's has announced some new cost cutting measures to offset the shrinking margins that are eroding profitability.

The chain intends to re-evaluate its promotional program with an eye to streamlining. "We'll be looking at how we distribute our promotional circulars and to what degree we promote in each piece," said Daniel O'Leary, Fay's president and ceo.

The chain is also experimenting with a number of other measures. For example, price removal is being tested in a limited number

See Fay's page 37

PE selling Thrifty Corp. units

PayLess, Pay 'n Save at a glance

Name: PayLess.
Store count: 413.
Size: 36,000 sq. ft. (26,000 selling space).
Sales: \$1.89 billion 1991
Markets: Washington, Oregon, Idaho, Colorado, California, Utah, Nevada, Wyoming, Arizona, Montana.

Name: Pay 'n Save.
Store count: 124.
Size: 20,000 sq. ft. selling space.
Sales: \$547 million estimated.
Markets: Washington, Alaska, Idaho, Hawaii.

Most management to stay, \$275M price tag

PayLess signs to acquire Pay 'n Save . . .

By Allene Symons
WILSONVILLE, Ore. — PayLess Drug stands to enter two new states—Alaska and Hawaii—and gain solid fill-in market penetration with its proposed Pay 'n Save acquisition of 124 stores and an Oregon distribution center, all of which will be operated under the PayLess name.

The sale is still subject to contingencies, although Thrifty sources say terms have been agreed upon, along with an as-yet undisclosed price.

Once concluded, the sale



Proposed takeover of 124 Pay 'n Saves will put PayLess in Hawaii and Alaska, and build its presence in Seattle.

would push both PayLess and parent company Kmart into a higher chain size ranking. Kmart is already ranked sec-

ond in pharmacy chains with around 1,400 locations in addition to 413 sites for PayLess.

See PayLess page 37

LATE NEWS

•**MAPLE HEIGHTS, Ohio** — Twin Valu will debut a fourth giant combo here in mid-July, following the Super Valu division's third opening in nearby Canton in late April. Twin Valu stores combine a ShopKo discount store, pharmacy and Cub Food store in a 180,000-square-foot setting.

•**TROY, Mich.** — Arbor Drugs chalked up records in its third quarter ended April 30. Net income rose 19.8 percent to \$3.3 million, thanks to tight expense controls and a 19.5 jump in net sales. Same-store gains were 13.3 percent.

•**ROCHESTER, N.Y.** — Wegman's Food Markets, Inc. is planning to expand into Pennsylvania in 1993. Wegman's first combo stores in this new market will be Erie and Scranton.

FEATURES



Drug chains battle for ethnic dollars

Drug chains must play up their strong suits to grab a share of the ethnic market from tough competition. Page 13.

IRI report: HBA hot movers

Watch for similarities and differences among the top 30 HBA items at drug chains and supermarkets. Page 11.

. . . as investor groups take Thrifty

LOS ANGELES — Holding company Pacific Enterprises has agreed to sell the assets of its Thrifty Corp. retail subsidiary to two different buyers. The 620-store Thrifty Drug chain, Bi-mart member discount stores and three other non-drug retail units will be acquired by L.A.-based investor group Leonard Green & Partners.

Green is expected to retain Thrifty's top management, headed by chairman and ceo William Yingling. According to Chris Bement, Thrifty Corp. senior management will participate in the buyout as part of the Green & Partners group. The Green group pur-

chase is structured in a two-deal arrangement with Big Five sporting goods chain as a separate entity owned by Green & Partners, while Thrifty Drug and the three other chains will continue under the Thrifty Corp. name as a privately held company.

In a second deal, the Oregon-based PayLess Drug subsidiary of Kmart intends to pick up Thrifty's 124-store Northwest chain, Pay 'n Save Drug. If the deal is finalized, this would elevate the Kmart and PayLess pharmacy count to over 1,800 in a solid second place behind Rite Aid. Both transactions are slated to close in 90 days. "We expect See Thrifty page 37

Thrifty, Bi-Mart at a glance

Name: Thrifty Drug Stores.
Store count: 620.
Size: Thrifty Drug 19,000 sq. ft. (16,000 selling space).
Sales: \$1.9 billion estimated for Thrifty and Thrifty Jr.
Markets: Alaska, California, Hawaii, Idaho, Nevada, Arizona, Washington, Oregon.

Name: Bi-Mart, Inc.
Stores: 42 membership/discount.
Size: 33,000 sq. ft.
Sales: Not available.
Markets: Oregon and Washington.

Longs targets growth despite tough times

WALNUT CREEK, Calif. — Despite disappointing earnings and sharp competition in its six state market, Longs president Steve Roath told shareholders at the company's recent annual meeting that tough times add up to "ample stimulus for improving the efficiency and effectiveness of our operations."

The chain is primed for expansion opportunities beyond its current 267 stores and has 25 store sites in development. Roath also announced testing of a home delivery program.

With the chain's strong financial footing and low debt,

Roath stated that "anticipated cash needs will continue to be financed from internal cash flows, without the need for any significant outside financing." In the recently ended fiscal year, cash flow rose from \$54 million to \$92 million on sales of \$2.36 billion. Central to Longs' operational thrust is its POS scanning and retail information system. Last spring, Longs had five integrated test stores with the combined POS scan and RIS system. Currently, 90 stores are on the system and Longs has bumped up its projection to a total of 170 stores to be in-

stalled by year's end.

According to Roath, initial benefits include improved turns through reduction of slow-turning SKUs, lowered labor costs from simplified price changes and less price marking. The chain reports that both increased customer service and labor savings are resulting from faster check-outs on the POS system, enabling a reduction of 7 to 10 percent in the number of registers needed in each store.

Under Longs' policy of autonomous buying at store level, managers are beginning to See Longs page 37

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SECOND CLASS

NEWS IN BRIEF

Albertson's makes site improvements

BOISE, Idaho — Albertson's plans to beef up its general merchandise and HBA departments using the extra distribution clout of its new GM warehouse in Ponca, Okla., acquired this year from American Drug. In other news from Albertson's May stockholders meeting, the grocery-drug chain said it is converting several Southern California sites from Albertson's to a food-drug discount format, Grocery Warehouse.

Vons to launch new combo prototype

ARCADIA, Calif. — The Vons Companies is drafting a new 75,000-square-foot food and drug prototype, and expects to have final plans in the next few months, Vons president and chief operating officer Dennis Eck told *Drug Store News* after the company's recent shareholders meeting.

Eck said Vons is looking at Southern California sites in La Habra in the Los Angeles area and Simi Valley in Ventura County.

Shoppers posts gains in first quarter

TORONTO — Shoppers Drug Mart posted earnings of \$18.8 million on sales of \$716 million for the first quarter ended April 30. Earnings were up 4 percent over the same period a year ago; comparable store sales increased 4 percent.

Genovese rolling out Symbol scanners

MELVILLE, N.Y. — Genovese is continuing to roll out slot scanning in all stores, as reported in the May 4 issue. The chain is equipping two stores per week with Symbol slot and handheld scanners. The cost is estimated at \$800,000, part of an \$8 million upgrading that includes the installation of software.

Kash n' Karry's ecology efforts lauded

TAMPA — Kash n' Karry, operator of 112 groceries throughout Florida, received two awards recently for its environmental awareness efforts: the first ever Florida Governor's Environmental Education award in the corporate category for its educational programs, and a communications award from Keep Florida Beautiful, Inc. Kash n' Karry educates consumers with a storewide environmental shelf-tagging system that promotes recycled, recyclable, reusable and source-reduced products.

Floor space increased for SHOPA show

CHAPEL HILL, S.C. — SHOPA is planning to expand the show floor space for its 1992 show in New Orleans (December 9 to 12) by 60 percent to accommodate the increased demand for booth space. An increase in the number of exhibitors plus the demand from previous exhibitors for expanded space prompted SHOPA to expand the space of this year's show.

Revco names new regional director

TWINSBURG, Ohio — Revco D.S. has promoted Hanley Wheeler III to regional director of operations for the Southern region. Wheeler will replace Bobby Tamplin, who was recently named regional vp.

A pharmacist and 11-year Revco veteran, Wheeler will direct operations of 10 districts and 199 stores in Georgia, Tennessee, North Carolina and South Carolina. He last served as a director of store operations in the home office.

Kroger keeps sharp focus on improving food/drug combos

By James Frederick
CINCINNATI, Ohio —

Kroger Co. will continue to focus its resources and distribution capabilities on its powerful food/drug combos as the main vehicle for growth in the 1990s, chairman and ceo Joe Pichler said at the company's annual meeting here May 21.

"Kroger's core merchandising concept is the combination food and drug store," Pichler told several hundred shareholders and employees. "Our combination stores have weathered a number of economic swings, plus an army of competitors."

Added company spokesman Paul Bernish, "I don't think we're building any new stores without a pharmacy."

Despite the fiscal constraints imposed by its massive, \$4.5 billion debt load, Kroger is spending heavily in technology to make its combos more efficient and productive.

For instance, said Pichler, "Kroger's 530 combo store pharmacies are using computer-assisted ordering to maintain inventories of prescription drugs at efficient levels. The program simultaneously reduces both out-of-stocks and the dollar value of store in-

ventories, resulting in higher sales, higher profits and lower working capital."

The combo giant is also investing in EDI programs with several major suppliers.

Another boost for the combo side of Kroger's business has been the increasing contribution of the company's Peyton distribution unit. Peyton operates four strategically located DCs, including a new, 205,000-square-foot seasonal merchandise facility that opened last fall. Armed with new communications linkups and technological efficiencies,

Continued on page 37

Revco names Mastrian sr. vp-marketing

TWINSBURG, Ohio — Revco D.S. has promoted Jim Mastrian to the newly created post of senior vp of marketing. Mastrian, 49, will head up marketing functions for both pharmacy and OTC purchasing, reorder buying and merchandising. He will continue to report to Dwayne Hoven, executive vp of marketing and stores.

Mastrian joined Revco in 1990 as vp and general manager of marketing. As such, he has been charged with all purchasing operations and pharmacy marketing. His latest appointment reflects Revco's efforts to staff up its top support teams as it prepares to emerge from Chapter 11. It also helps fill a management void created last winter by the departure of former executive vp of marketing Jim Adamson.

Mastrian is a chain drug veteran who once served as president and general manager of the former Sherwin Williams subsidiary, Gray Drug Fair, prior to its purchase by Rite Aid. A 1965 pharmacy graduate of the University of Pittsburgh, he also served as senior

vp of merchandising and marketing for Sherwin Williams' paint store group.

"Jim has helped craft Revco's operating turnaround over the last two years, through his

keen understanding of the drug store business and our competitive needs," said Hoven in a statement. "He is a marketing veteran with a solid pharmacy background."

Cosmetic Center IPO funds to grow stores, retire debt

SAVAGE, Md. — The Cosmetic Center, Inc., having raised \$14.5 million in its recent initial public offering, will use the sale's proceeds to retire debt and expand operations.

The 38-store discount cosmetics specialty chain sold 1.1 million shares of common stock at \$14 per share. Of that capital, the company intends to use \$11.4 million to retire debt.

Another \$2.7 million will be used to expand the operation and fund the opening of new stores. The Cosmetic Center intends to open nine to 18 stores during the next 18 months. Currently, the chain operates stores

averaging 6,450 square feet in the metro markets of Washington, D.C., Chicago, Baltimore and Richmond. In fiscal 1991, average sales per square foot of selling space were \$391.

The company plans to use the balance for the acquisition and installation of an enhanced electronic POS system in all stores. The company currently uses a computerized automated stock replenishment system, which it credits with enabling it to keep a tight control on store personnel.

The company had sales of \$87.6 million in 1991, a 15.3 percent increase over 1990's sales of \$76 million.

Correction

Errors appeared in the stock table published by Drug Store News in the May 4, 1992 issue because of incorrect information provided by Nordby International. Here is the corrected chart:

Exch	Company	Ticker Symbol	Closing Price 4/1/91	Closing Price 4/1/92	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
<i>Chain store transactions</i>											
OTC	Accuhealth Inc.	ACCU	6.88	5.25	-1.63	-23.69	28	0.00	0.00	6.88	3.47
OTC	Arbor Drugs	ARBR	17.42	19.75	2.33	13.38	21	0.12	0.61	25.25	15.50
OTC	Big B	BIGB	10.63	16.00	5.37	50.52	19	0.20	1.25	16.25	10.63
OTC	Drug Emporium	DEMP	8.38	8.38	-0.01	-0.06	—	0.12	1.43	9.38	5.50
NYS	Fay's Inc.	FAY	12.75	10.13	-2.63	-20.59	18	0.20	1.98	15.75	8.25
ASE	Genovese Drug	GDG.A	10.38	10.50	0.12	1.16	12	0.24	2.29	14.75	9.13
NYS	Longs Drug Stores	LDG	40.50	35.25	-5.25	-12.96	13	1.08	3.06	44.38	33.38
OTC	Medicine Shoppe	MSII	24.50	25.88	1.38	5.61	19	0.36	1.39	30.75	19.00
NYS	Perry Drug	PDS	6.38	10.00	3.62	56.74	14	0.00	0.00	11.63	5.88
NYS	Rite Aid Corp.	RAD	21.88	22.13	0.25	1.14	15	0.52	2.35	23.75	17.25
NYS	Walgreen Co.	WAG	33.63	36.25	2.62	7.79	22	0.52	1.43	39.75	28.63

Notes: Rite Aid completed a 2-for-1 stock split. Arbor Drugs completed a 3-for-2 stock split.

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.

Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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